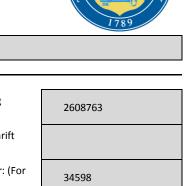


(Include Holding Company Where Applicable)

MERCANTILE BANK CORPORATION



Docket Number: (For Thrift Holding Companies)
EDIG 6 115 1 N 1 /5
FDIC Certificate Number: (For Depository Institutions) 34598
Credit Union Charter Number: (For Credit Unions)
City: Grand Rapids
State: Michigan
Credit Union Charter Number: (For Credit Unions) City: Grand Rap

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

X	Increase lending or reduce lending less than otherwise would have occurred.		
	Since issuing the preferred shares, we have been able to originate well over \$300 million in new loans. Without the CPP shares, we would		
	have been forced to severely reduce the number of new loans originated to conserve capital/		







M	MERCANTILE BANK CORPORATION			
Х	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).			
	Small Business and Commercial Loans			
	Increase securities purchased (ABS, MBS, etc.).			
	Make other investments.			



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

MERCANTILE BANK CORPORATION				
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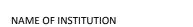
X Increase reserves for non-performing assets.
0
Reduce borrowings.
V language sharps offe
X Increase charge-offs.
Charge offs have been elevated during this period. The CPP capital allowed us to withstand these elevated charge offs and remain well
capitalized.



NAME OF INSTITUTION

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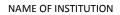
	Purchase another financial institution or purchase assets from another financial institution.
Х	Held as non-leveraged increase to total capital.
	All relevant Capital ratios were fortified by the CPP funds.





(Include Holding Company Where Applicable)

hat actions were you able to avoid because of the capital infusion of CPP/CDCI funds?	
e CPP funds worked exactly as Treasury planned. During the Great Recession, our Bank was able to continue lending and remain well	
pitalized during a time when access to outside capital sources was severely constrained. We are grateful for access to the program and	d ac
oted above, we have began the process of repurchasing the issued shares.	u us
ned above, we have began the process of repurchasing the issued shares.	







NA/hot ostions were used block to take that you	man mat have talen with out	the conital influsion of CDD/CD	OCI from de 2	
What actions were you able to take that you	may not nave taken without	the capital infusion of CPP/CL	CI TUNGS?	







Please describe any other actions that you were able to undertak	te with the capital infusion of CPP/CDCI funds.
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